



***Office of the President
Chad W. Wable, FACHE***

TESTIMONY OF

Saint Mary's Hospital

Appropriations Committee

February 27, 2015

Senator Bye, Representative Walker, Senator Kane and Representative Ziobron, we are writing to voice some concerns with some of the proposed cuts to providers and the impacts on hospitals in House Bill 6824 An Act Concerning the State Budget for the Biennium Ending June Thirtieth 2017, and Making Appropriations Therefor and Other Provisions Related to Revenue and items within the Department of Social Services proposed budget.

Saint Mary's Hospital is a Catholic, not-for-profit acute care, community teaching hospital located at 56 Franklin Street in Waterbury, CT. Licensed for 347 beds, the hospital offers a Level II Trauma Center, a flourishing residency training program, a host of specialty medical services and skilled, compassionate healthcare providers. Saint Mary's has been serving patients in Waterbury, CT and our surrounding communities since 1909. Saint Mary's has approximately: 1,935 employees including 420 physicians on staff, we see over 70,000 Emergency Department visits annually and perform over 16,000 surgical cases annually and have over 1,000 births per year at the hospital.

Saint Mary's prides itself on being a low cost hospital that provides very high quality care in our community. While we recognize the financial challenges of the state, we are concerned that the provider cuts and the additional user fee could impact our ability to continue to provide the current level of care and services to our community. We have withstood the cuts imposed in each of the last two biennial budgets and the imposition of a user fee that was originally designed to be redistributed back to hospitals. We have reduced staff as well as implemented an aggressive expense control and efficiency program and reduced costs wherever practicable - while still maintaining quality care. We haven't seen the detail on the proposed reductions in provider reimbursements - as they are up to the discretion of the Department; however, the proposed \$43,000,000 in 2016 and \$47,000,000 in 2017 will have an impact. Additionally, the imposition of a new \$165,000,000 user fee will also have an impact. We have heard that these funds will be redistributed and that hospitals with high Medicaid populations will be least impacted. This is very similar to what we were hearing two years ago.

There are many hospitals in Connecticut that are in dire financial straits. Although Saint Mary's is currently operating positively in the black as all hospitals should, these proposed cuts and additional user fees can begin to erode our balance sheet and create financial distress. For more than 100 years we have served the greater Waterbury community, including those patients that have little or no ability to pay. We consistently serve amongst the highest percentage of Medicaid discharges in the state on a per-capita basis. We are also consistently among the lowest cost hospitals in the state. As the committee is aware, the reimbursements at the current rates, before these additional cuts are factored in, do not cover our costs for providing services. These additional hurdles will further exacerbate the health care cost shift and drive up the cost of health care for all of us. Instead of placing additional burdens on hospitals, we should continue working on driving innovation and supporting hospitals as we transition to new payment models that will control the growth of health care spending. We should also remember that hospitals are major job centers - directly and indirectly - driving dollars back into the state economy. We should take the lead of the federal government and reward high performing, low cost providers basing payments on quality and value.

The proposed cuts and imposition of an additional user fee are frightening to the hospitals. We would implore the committee to try and mitigate the impacts to hospitals. And, we ask that you not actively hurt low cost, high quality hospitals like Saint Mary's Hospital that have created job and economic stability for their communities while serving the poorest and neediest. The current healthcare landscape is complex and tough enough.